



HEALTH ANNUAL STATEMENT
FOR THE YEAR ENDING DECEMBER 31, 2004
OF THE CONDITION AND AFFAIRS OF THE

Grand Valley Health Plan

NAIC Group Code	0000	0000	NAIC Company Code	95453	Employer's ID Number	38-2396958
(Current Period)		(Prior Period)				
Organized under the Laws of	Michigan			State of Domicile or Port of Entry	Michigan	
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health []		Property/Casualty []		Dental Service Corporation []	
	Vision Service Corporation []		Other []		Health Maintenance Organization [X]	
	Hospital, Medical & Dental Service or Indemnity []		Is HMO, Federally Qualified? Yes [X]		No []	
Incorporated	12/03/1981		Commenced Business	02/05/1982		
Statutory Home Office	829 Forest Hills Ave SE			Grand Rapids, MI 49546		
		(Street and Number)		(City or Town, State and Zip Code)		
Main Administrative Office	829 Forest Hills Ave					
		(Street and Number)				
	Grand Rapids, MI 49546		616-949-2410-119			
		(City or Town, State and Zip Code)		(Area Code) (Telephone Number)		
Mail Address	829 Forest Hills Ave SE			Grand Rapids, MI 49546		
		(Street and Number or P.O. Box)		(City or Town, State and Zip Code)		
Primary Location of Books and Records	829 Forest Hills Ave					
		(Street and Number)				
	Grand Rapids, MI 49546		616-949-2410-116			
		(City or Town, State and Zip Code)		(Area Code) (Telephone Number)		
Internet Website Address	gvhp.com					
Statutory Statement Contact	ROBERTA LYNN FEHRLE			616-949-2410-116		
		(Name)		(Area Code) (Telephone Number) (Extension)		
	fehrler@gvhp.com		616-949-9948			
		(E-mail Address)		(FAX Number)		
Policyowner Relations Contact	829 Forest Hills Ave SE					
		(Street and Number)				
	Grand Rapids, MI 49546		616-949-2410			
		(City or Town, State and Zip Code)		(Area Code) (Telephone Number) (Extension)		

OFFICERS

Name	Title	Name	Title
Roland Palmer	President	Thomas Schouten	Secretary
Craig Thompson	Treasurer	0 0 0 0	0

OTHER OFFICERS

DIRECTORS OR TRUSTEES

Roland E Palmer	Thomas W Schouten	James T Kerby	Lucille I Grimm
Margaret Sudekum	Pamela L Silva	John B Miller	Herbert A Start
Kathy L Lentz	Craig D Thompson		

State ofMichigan.....
County ofKent.....

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Roland Palmer	Thomas Schouten	Craig Thompson
President	Sectary	Treasurer
Subscribed and sworn to before me this	a. Is this an original filing?	Yes [X] No []
15 day of 3, 2005	b. If no,	
	1. State the amendment number	
	2. Date filed	03/15/2005
	3. Number of pages attached	

Ruth Klinger
Notary Public
05/08/2005

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE Grand Valley Health Plan

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	.0		.0	.0
2. Stocks (Schedule D):				
2.1 Preferred stocks .....	.0		.0	.0
2.2 Common stocks .....	.0		.0	.0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....			.0	.0
3.2 Other than first liens .....			.0	.0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances).....	1,296,093	82,892	1,213,201	1,267,854
4.2 Properties held for the production of income (less \$ encumbrances) .....			.0	.0
4.3 Properties held for sale (less \$ encumbrances) .....			.0	.0
5. Cash (\$5,100,001 , Schedule E, Part 1), cash equivalents (\$0 , Schedule E, Part 2) and short-term investments (\$1,043,133 , Schedule DA).....	6,143,134		6,143,134	4,952,081
6. Contract loans, (including \$premium notes)			.0	.0
7. Other invested assets (Schedule BA)	758,649	.0	758,649	762,387
8. Receivable for securities .....			.0	.0
9. Aggregate write-ins for invested assets .....	.0	.0	.0	.0
10. Subtotals, cash and invested assets (Lines 1 to 9)	8,197,876	82,892	8,114,984	6,982,322
11. Investment income due and accrued .....			.0	.0
12. Premiums and considerations:				
12.1 Uncollected premiums and agents' balances in the course of collection	510,446		510,446	261,602
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$earned but unbilled premium).....			.0	.0
12.3 Accrued retrospective premium.....			.0	.0
13. Reinsurance:				
13.1 Amounts recoverable from reinsurers	563,316		563,316	586,799
13.2 Funds held by or deposited with reinsured companies .....			.0	.0
13.3 Other amounts receivable under reinsurance contracts .....			.0	.0
14. Amounts receivable relating to uninsured plans .....			.0	.0
15.1 Current federal and foreign income tax recoverable and interest thereon .....			.0	182,006
15.2 Net deferred tax asset	550,565	368,559	182,006	.0
16. Guaranty funds receivable or on deposit .....	.0		.0	.0
17. Electronic data processing equipment and software.....	138,268	27,193	111,075	276,665
18. Furniture and equipment, including health care delivery assets (\$)	601,191	90,141	511,050	.0
19. Net adjustment in assets and liabilities due to foreign exchange rates .....			.0	.0
20. Receivables from parent, subsidiaries and affiliates	845,610		845,610	386,326
21. Health care (\$) and other amounts receivable	85,345	40,359	44,986	6,754
22. Other assets nonadmitted	144,205	144,205	.0	.0
23. Aggregate write-ins for other than invested assets .....	.0	.0	.0	.0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	11,636,822	753,349	10,883,473	8,682,474
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0	.0
26. Total (Lines 24 and 25)	11,636,822	753,349	10,883,473	8,682,474
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page .....	.0	.0	.0	.0
0999. Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above)	0	0	0	0
2301.				
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page .....	.0	.0	.0	.0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	0	0	0	0

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ reinsurance ceded)	3,979,382		3,979,382	4,101,344
2. Accrued medical incentive pool and bonus amounts			0	0
3. Unpaid claims adjustment expenses	135,162		135,162	23,300
4. Aggregate health policy reserves			0	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserves			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance	725,843		725,843	137,290
9. General expenses due or accrued	1,220,901		1,220,901	1,132,464
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses))			0	0
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others			0	0
13. Remittance and items not allocated			0	0
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			0	0
15. Amounts due to parent, subsidiaries and affiliates			0	0
16. Payable for securities			0	0
17. Funds held under reinsurance treaties with (\$ authorized reinsurers and \$ unauthorized reinsurers)			0	0
18. Reinsurance in unauthorized companies			0	0
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Liability for amounts held under uninsured accident and health plans			0	0
21. Aggregate write-ins for other liabilities (including \$ current)	0	0	0	0
22. Total liabilities (Lines 1 to 21)	6,061,288	0	6,061,288	5,394,398
23. Common capital stock	XXX	XXX	312,996	312,996
24. Preferred capital stock	XXX	XXX		0
25. Gross paid in and contributed surplus	XXX	XXX	1,212,873	1,212,873
26. Surplus notes	XXX	XXX	500,000	500,000
27. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
28. Unassigned funds (surplus)	XXX	XXX	2,796,315	1,732,879
29. Less treasury stock, at cost:				
29.1 shares common (value included in Line 23 \$)	XXX	XXX		0
29.2 shares preferred (value included in Line 24 \$)	XXX	XXX		0
30. Total capital and surplus (Lines 23 to 28 Less 29)	XXX	XXX	4,822,184	3,758,748
31. Total liabilities, capital and surplus (Lines 22 and 30)	XXX	XXX	10,883,472	9,153,146
DETAILS OF WRITE-INS				
2101.				
2102.				
2103.				
2198. Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199. Totals (Lines 2101 thru 2103 plus 2198) (Line 21 above)	0	0	0	0
2701.	XXX	XXX		
2702.	XXX	XXX		
2703.	XXX	XXX		
2798. Summary of remaining write-ins for Line 27 from overflow page	XXX	XXX	0	0
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	218,178	228,284
2. Net premium income (including .....0 non-health premium income).....	XXX	45,288,684	41,990,356
3. Change in unearned premium reserves and reserve for rate credits	XXX		0
4. Fee-for-service (net of \$ medical expenses)	XXX	440,257	574,161
5. Risk revenue	XXX		0
6. Aggregate write-ins for other health care related revenues	XXX	0	1,266,747
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	45,728,941	43,831,264
Hospital and Medical:			
9. Hospital/medical benefits	3,094,372	29,392,185	28,249,720
10. Other professional services	727,411	3,026,470	2,553,255
11. Outside referrals		0	0
12. Emergency room and out-of-area	192,398	798,611	866,808
13. Prescription drugs		6,954,243	6,875,983
14. Aggregate write-ins for other hospital and medical.....	12,410	224,175	842,882
15. Incentive pool, withhold adjustments and bonus amounts.....			0
16. Subtotal (Lines 9 to 15)	4,026,591	40,395,684	39,388,648
Less:			
17. Net reinsurance recoveries		536,165	349,625
18. Total hospital and medical (Lines 16 minus 17)	4,026,591	39,859,519	39,039,023
19. Non-health claims			0
20. Claims adjustment expenses, including \$0 cost containment expenses.....		334,412	293,771
21. General administrative expenses.....		4,502,836	3,974,941
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only).....		0	0
23. Total underwriting deductions (Lines 18 through 22)	4,026,591	44,696,767	43,307,735
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	1,032,174	523,529
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....	369,119	369,119	208,754
26. Net realized capital gains (losses)			0
27. Net investment gains (losses) (Lines 25 plus 26)	369,119	369,119	208,754
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]			0
29. Aggregate write-ins for other income or expenses	0	0	0
30. Net income or (loss) before federal income taxes (Lines 24 plus 27 plus 28 plus 29)	XXX	1,401,293	732,283
31. Federal and foreign income taxes incurred	XXX	476,441	258,800
32. Net income (loss) (Lines 30 minus 31)	XXX	924,852	473,483
DETAILS OF WRITE-INS			
0601. Copayments.....	XXX		1,266,747
0602.	XXX		0
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	XXX	0	1,266,747
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 thru 0703 plus 0798) (Line 7 above)	XXX	0	0
1401. Other Medical.....	12,410	224,175	842,882
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 thru 1403 plus 1498) (Line 14 above)	12,410	224,175	842,882
2901.			
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 thru 2903 plus 2998) (Line 29 above)	0	0	0

CAPITAL AND SURPLUS ACCOUNT

	1 Current Year	2 Prior Year
CAPITAL AND SURPLUS ACCOUNT:		
33. Capital and surplus prior-reporting period	3,758,752	1,986,371
GAINS AND LOSSES TO CAPITAL & SURPLUS:		
34. Net income or (loss) from Line 32	924,852	473,483
35. Change in valuation basis of aggregate policy and claim reserves		0
36. Net unrealized capital gains and losses		0
37. Change in net unrealized foreign exchange capital gain or (loss)		0
38. Change in net deferred income tax		(43,925)
39. Change in nonadmitted assets	138,578	1,342,823
40. Change in unauthorized reinsurance	0	0
41. Change in treasury stock	0	0
42. Change in surplus notes	0	0
43. Cumulative effect of changes in accounting principles		0
44. Capital Changes:		
44.1 Paid in		0
44.2 Transferred from surplus (Stock Dividend)		0
44.3 Transferred to surplus		0
45. Surplus adjustments:		
45.1 Paid in		0
45.2 Transferred to capital (Stock Dividend)	0	0
45.3 Transferred from capital		0
46. Dividends to stockholders		0
47. Aggregate write-ins for gains or (losses) in surplus	0	0
48. Net change in capital & surplus (Lines 34 to 47)	1,063,430	1,772,381
49. Capital and surplus end of reporting period (Line 33 plus 48)	4,822,182	3,758,752
DETAILS OF WRITE-INS		
4701.		
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0
4799. Totals (Lines 4701 thru 4703 plus 4798) (Line 47 above)	0	0

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance.....	45,039,840	43,284,188
2. Net investment income	369,119	209,922
3. Miscellaneous income	440,257	1,266,747
4. Total (Lines 1 to 3)	45,849,216	44,760,857
5. Benefits and loss related payments	39,846,136	38,454,163
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts.....		0
7. Commissions, expenses paid and aggregate write-ins for deductions	4,160,258	4,573,181
8. Dividends paid to policyholders		0
9. Federal and foreign income taxes paid (recovered) \$ net of tax on capital gains (losses)	476,441	440,806
10. Total (Lines 5 through 9)	44,482,835	43,468,150
11. Net cash from operations (Line 4 minus Line 10)	1,366,381	1,292,707
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	0	0
12.2 Stocks	0	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	58,391	148,754
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	0	0
12.7 Miscellaneous proceeds	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	58,391	148,754
13. Cost of investments acquired (long-term only):		
13.1 Bonds	0	0
13.2 Stocks	0	0
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	0	0
14. Net increase (or decrease) in policy loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	58,391	148,754
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	0
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	0	0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied).....	(233,720)	1,396,381
17. Net cash from financing and miscellaneous sources (Line 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	(233,720)	1,396,381
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
18. Net change in cash and short-term investments (Line 11 plus Line 15 plus Line 17)	1,191,052	2,837,842
19. Cash and short-term investments:		
19.1 Beginning of year	4,952,081	2,114,239
19.2 End of period (Line 18 plus Line 19.1).....	6,143,133	4,952,081

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE Grand Valley Health Plan

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS (Gain and Loss Exhibit)

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-term Care	Other Health	Other Non-Health
1. Net premium income	45,288,684	39,688,938	.0	.0	.0	5,599,746	.0	.0	.0	.0	.0	.0	.0
2. Change in unearned premium reserves and reserve for rate credit .....	.0												
3. Fee-for-service (net of \$ medical expenses)	440,257	385,821				54,436							XXX
4. Risk revenue .....	.0												XXX
5. Aggregate write-ins for other health care related revenues .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX
6. Aggregate write-ins for other non-health care related revenues .....	.0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0
7. Total revenues (Lines 1 to 6)	45,728,941	40,074,759	.0	.0	.0	5,654,182	.0	.0	.0	.0	.0	.0	.0
8. Hospital/medical/ benefits	29,392,185	25,757,971				3,634,214							XXX
9. Other professional services	3,026,470	2,652,260				374,210							XXX
10. Outside referrals .....	.0												XXX
11. Emergency room and out-of-area	798,611	699,866				98,745							XXX
12. Prescription Drugs	6,954,243	6,094,381				859,862							XXX
13. Aggregate write-ins for other hospital and medical	224,175	196,457	.0	.0	.0	27,718	.0	.0	.0	.0	.0	.0	XXX
14. Incentive pool, withhold adjustments and bonus amounts .....	.0												XXX
15. Subtotal (Lines 8 to 14)	40,395,684	35,400,935	.0	.0	.0	4,994,749	.0	.0	.0	.0	.0	.0	XXX
16. Net reinsurance recoveries	536,165	469,871				66,294							XXX
17. Total medical and hospital (Lines 15 minus 16)	39,859,519	34,931,064	.0	.0	.0	4,928,455	.0	.0	.0	.0	.0	.0	XXX
18. Non-health claims (net) .....	.0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0
19. Claims adjustment expenses including \$ cost containment expenses	334,412	293,063				41,349							
20. General administrative expenses	4,502,836	3,946,080				556,756							
21. Increase in reserves for accident and health contracts .....	.0												XXX
22. Increase in reserves for life contracts .....	.0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	44,696,767	39,170,207	.0	.0	.0	5,526,560	.0	.0	.0	.0	.0	.0	.0
24. Total underwriting gain or (loss) (Line 7 minus Line 23)	1,032,174	904,552	0	0	0	127,622	0	0	0	0	0	0	0
DETAILS OF WRITE-INS													
0501.													XXX
0502.													XXX
0503.													XXX
0598. Summary of remaining write-ins for Line 5 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	0	0	0	XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page .....	.0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301. Other Medical	224,175	196,457				27,718							XXX
1302.													XXX
1303.													XXX
1398. Summary of remaining write-ins for Line 13 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above)	224,175	196,457	0	0	0	27,718	0	0	0	0	0	0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1+2-3)
1. Comprehensive (hospital and medical)	40,289,387		600,449	39,688,938
2. Medicare Supplement .....				.0
3. Dental Only.....				.0
4. Vision Only.....				.0
5. Federal Employees Health Benefits Plan	5,684,464		84,718	5,599,746
6. Title XVIII - Medicare .....				.0
7. Title XIX - Medicaid.....				.0
8. Stop Loss .....				.0
9. Disability Income .....				.0
10. Long-term care .....				.0
11. Other health.....				.0
12. Health subtotal (Lines 1 through 11)	45,973,851	0	685,167	45,288,684
13. Life .....				.0
14. Property/Casualty.....				.0
15. Totals (Lines 12 to 14)	45,973,851	0	685,167	45,288,684

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2004 OF THE Grand Valley Health Plan

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - Claims Incurred During the Year

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non- Health
1. Payments during the year:													
1.1 Direct	40,517,646	35,507,818				5,009,828							
1.2 Reinsurance assumed	0	0											
1.3 Reinsurance ceded	489,373	428,864				60,509							
1.4 Net	40,028,273	35,078,954	0	0	0	4,949,319	0	0	0	0	0	0	0
2. Paid medical incentive pools and bonuses	0												
3. Claim liability December 31, current year from Part 2A:													
3.1 Direct	3,979,382	3,487,349	0	0	0	492,033	0	0	0	0	0	0	0
3.3 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
3.4 Net	3,979,382	3,487,349	0	0	0	492,033	0	0	0	0	0	0	0
4. Claim reserve December 31, current year from Part 2D:													
4.1 Direct	0												
4.2 Reinsurance assumed	0												
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
4.4 Net	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	0												
6. Amounts recoverable from reinsurers December 31, current year	563,316	493,664				69,652							
7. Claim liability December 31, prior year from Part 2A:													
7.1 Direct	4,101,344	4,101,344	0	0	0	0	0	0	0	0	0	0	0
7.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
7.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
7.4 Net	4,101,344	4,101,344	0	0	0	0	0	0	0	0	0	0	0
8. Claim reserve December 31, prior year from Part 2D:													
8.1 Direct	0	0	0	0	0	0	0	0	0	0	0	0	0
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
8.4 Net	0	0	0	0	0	0	0	0	0	0	0	0	0
9. Accrued medical incentive pools and bonuses, prior year	0	0	0	0	0	0	0	0	0	0	0	0	0
10. Amounts recoverable from reinsurers December 31, prior year	586,799	586,799	0	0	0	0	0	0	0	0	0	0	0
11. Incurred Benefits:													
11.1 Direct	40,395,684	34,893,823	0	0	0	5,501,861	0	0	0	0	0	0	0
11.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
11.3 Reinsurance ceded	465,890	335,729	0	0	0	130,161	0	0	0	0	0	0	0
11.4 Net	39,929,794	34,558,094	0	0	0	5,371,700	0	0	0	0	0	0	0
12. Incurred medical incentive pools and bonuses	0	0	0	0	0	0	0	0	0	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - Claims Liability End of Current Year

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Medical & Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1. Reported in Process of Adjustment:													
1.1. Direct	2,825,150	2,475,833				349,317							
1.2. Reinsurance assumed	0												
1.3. Reinsurance ceded	0												
1.4. Net	2,825,150	2,475,833	0	0	0	349,317	0	0	0	0	0	0	0
2. Incurred but Unreported:													
2.1. Direct	1,154,232	1,011,516				142,716							
2.2. Reinsurance assumed	0												
2.3. Reinsurance ceded	0												
2.4. Net	1,154,232	1,011,516	0	0	0	142,716	0	0	0	0	0	0	0
3. Amounts Withheld from Paid Claims and Capitations:													
3.1. Direct	0												
3.2. Reinsurance assumed	0												
3.3. Reinsurance ceded	0												
3.4. Net	0	0	0	0	0	0	0	0	0	0	0	0	0
4. TOTALS:													
4.1. Direct	3,979,382	3,487,349	0	0	0	492,033	0	0	0	0	0	0	0
4.2. Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
4.3. Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
4.4. Net	3,979,382	3,487,349	0	0	0	492,033	0	0	0	0	0	0	0

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability Dec. 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)	2,809,012	32,228,935	176,661	3,310,688	2,985,673	3,737,102
2. Medicare Supplement .....					.0	.0
3. Dental Only.....					.0	.0
4. Vision Only.....					.0	.0
5. Federal Employees Health Benefits Plan Premiums	396,326	4,547,208	24,925	467,108	421,251	364,242
6. Title XVIII - Medicare .....					.0	.0
7. Title XIX - Medicaid.....					.0	.0
8. Other health .....					.0	.0
9. Health subtotal (Lines 1 to 8).....	3,205,338	36,776,143	201,586	3,777,796	3,406,924	4,101,344
10. Other non-health.....					.0	.0
11. Medical incentive pools, and bonus amounts .....					.0	.0
12. Totals (Lines 9 to 11)	3,205,338	36,776,143	201,586	3,777,796	3,406,924	4,101,344

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2004 OF THE Grand Valley Health Plan

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)

Section A – Paid Health Claims - Hospital and Medical

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2000	2 2001	3 2002	4 2003	5 2004
1. Prior	17,957,812	170,109	11,585	345	
2. 2000 .....	.0	3,948,357	42,403	83,339	
3. 2001	XXX	.0	3,284,573	141,713	91
4. 2002	XXX	XXX	3,326,976	3,276,975	18,889
5. 2003	XXX	XXX	XXX	21,869,294	2,766,906
6. 2004	XXX	XXX	XXX	XXX	22,041,750

Section B – Incurred Health Claims - Hospital and Medical

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 2000	2 2001	3 2002	4 2003	5 2004
1. Prior	5,500,096	464,157	11,585	345	
2. 2000	16,972,285	4,302,623	42,403	8,339	
3. 2001	XXX	17,059,203	45,419	144,533	91
4. 2002	XXX	XXX	37,449,014	3,288,850	18,889
5. 2003	XXX	XXX	XXX	25,922,296	2,962,974
6. 2004	XXX	XXX	XXX	XXX	26,021,131

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Hospital and Medical

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claim Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claim Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. 2000 .....	.0	.0		0.0	.0	0.0			.0	0.0
2. 2001 .....	.0	91		0.0	91	0.0			91	0.0
3. 2002	38,979	18,889		0.0	18,889	48.5			18,889	48.5
4. 2003	41,990	2,766,906	294	0.0	2,767,200	6,590.1	.0	.0	2,767,200	6,590.1
5. 2004	45,288,684	22,041,750	334	0.0	22,042,084	48.7	3,979,382	135,162	26,156,628	57.8

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2000	2 2001	3 2002	4 2003	5 2004
1. Prior	17,957,812	170,109	11,585	345	.0
2. 2000.....	.0	3,948,357	42,403	83,339	.0
3. 2001.....	XXX	.0	3,284,573	141,713	.91
4. 2002.....	XXX	XXX	3,326,976	3,276,975	18,889
5. 2003.....	XXX	XXX	XXX	21,869,294	2,766,906
6. 2004.....	XXX	XXX	XXX	XXX	22,041,750

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability and Reserve Outstanding at End of Year				
	1 2000	2 2001	3 2002	4 2003	5 2004
1. Prior	5,500,096	464,157	11,585	345	.0
2. 2000.....	16,972,285	4,302,623	42,403	8,339	.0
3. 2001.....	XXX	17,059,203	45,419	144,533	.91
4. 2002.....	XXX	XXX	37,449,014	3,288,850	18,889
5. 2003.....	XXX	XXX	XXX	25,922,296	2,962,974
6. 2004.....	XXX	XXX	XXX	XXX	26,021,131

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Grand Total

Years in which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claim Payments	Claim Adjustment Expense Payments	Col. (3/2) Percent	Claim and Claim Adjustment Expense Payments (Col 2+3)	Col. (5/1) Percent	Claims Unpaid	Unpaid Claim Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	Col. (9/1) Percent
1. 2000.....	.0	.0	.0	0.0	.0	0.0	.0	.0	.0	0.0
2. 2001.....	.0	.91	.0	0.0	.91	0.0	.0	.0	.91	0.0
3. 2002.....	38,979	18,889	.0	0.0	18,889	48.5	.0	.0	18,889	48.5
4. 2003.....	41,990	2,766,906	294	0.0	2,767,200	6,590.1	.0	.0	2,767,200	6,590.1
5. 2004.....	45,288,684	22,041,750	334	0.0	22,042,084	48.7	3,979,382	135,162	26,156,628	57.8

ANNUAL STATEMENT FOR THE YEAR 2004 OF THE Grand Valley Health Plan

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9	10	11	12
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
POLICY RESERVE												
1. Unearned premium reserves .....	.0											
2. Additional policy reserves (a) .....	.0											
3. Reserve for future contingent benefits .....	.0											
4. Reserve for rate credits or experience rating refunds (including \$ for investment income) .....	.0											
5. Aggregate write-ins for other policy reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. Totals (Gross) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
7. Reinsurance ceded .....	.0											
8. Totals (Net) (Page 3, Line 4)	0	0			0	0	0	0	0	0	0	0
CLAIM RESERVE												
9. Present value of amounts not yet due on claims .....	.0											
10. Reserve for future contingent benefits .....	.0											
11. Aggregate write-ins for other claim reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
12. Totals (Gross) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
13. Reinsurance ceded .....	.0											
14. Totals (Net) (Page 3, Line 7)	0	0	0	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS												
0501.												
0502.												
0503.												
0598. Summary of remaining write-ins for Line 5 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
0599. TOTALS (Lines 0501 thru 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0	0	0	0
1101.												
1102.												
1103.												
1198. Summary of remaining write-ins for Line 11 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
1199. TOTALS (Lines 1101 thru 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0	0	0	0

(a) Includes \$ premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administration Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$for occupancy of own building).....			296,046		296,046
2. Salaries, wages and other benefits.....		129,965	771,762		901,727
3. Commissions (less \$ceded plus \$ Assumed.....					0
4. Legal fees and expenses.....			105,704		105,704
5. Certifications and accreditation fees.....					0
6. Auditing, actuarial and other consulting services.....			84,899		84,899
7. Traveling expenses.....		2,188	74,232		76,420
8. Marketing and advertising.....			1,667,992		1,667,992
9. Postage, express and telephone.....		6,261	108,644		114,905
10. Printing and office supplies.....		3,497	65,454		68,951
11. Occupancy, depreciation and amortization.....			218,380		218,380
12. Equipment.....			1,843		1,843
13. Cost or depreciation of EDP equipment and software.....					0
14. Outsourced services including EDP, claims, and other services.....		181,500	127,362		308,862
15. Boards, bureaus and association fees.....			23,599		23,599
16. Insurance, except on real estate.....			26,180		26,180
17. Collection and bank service charges.....			55,076		55,076
18. Group service and administration fees.....			764,469		764,469
19. Reimbursements by uninsured accident and health plans.....			0		0
20. Reimbursements from fiscal intermediaries.....					0
21. Real estate expenses.....					0
22. Real estate taxes.....					0
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes.....					0
23.2 State premium taxes.....					0
23.3 Regulatory authority licenses and fees.....		0	0		0
23.4 Payroll taxes.....		11,001	21,344		32,345
23.5 Other (excluding federal income and real estate taxes).....			89,850		89,850
24. Investment expenses not included elsewhere.....					0
25. Aggregate write-ins for expenses.....	0	0	0	0	0
26. Total expenses incurred (Lines 1 to 25).....	0	334,412	4,502,836	0	(a).....4,837,248
27. Less expenses unpaid December 31, current year.....		135,162	1,220,901		1,356,063
28. Add expenses unpaid December 31, prior year.....		23,300	1,132,464		1,155,764
29. Amounts receivable related to uninsured accident and health plans, prior year.....					0
30. Amounts receivable related to uninsured accident and health plans, current year.....					0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	0	222,550	4,414,399	0	4,636,949
DETAIL OF WRITE-INS					
2501.					
2502.					
2503.					
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0	0
2599. Totals (Line 2501 thru 2503 plus 2598)(Line 25 above)	0	0	0	0	0

(a) Includes management fees of \$to affiliates and \$to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a) .....	.....
1.1	Bonds exempt from U.S. tax	(a) .....	.....
1.2	Other bonds (unaffiliated)	(a) .....	.....
1.3	Bonds of affiliates	(a) .....	.....
2.1	Preferred stocks (unaffiliated)	(b) .....	.....
2.11	Preferred stocks of affiliates	(b) .....	.....
2.2	Common stocks (unaffiliated) .....	.....	.....
2.21	Common stocks of affiliates .....	.....	.....
3.	Mortgage loans	(c) .....	.....
4.	Real estate	(d) .....	.....
5.	Contract loans.....	.....	.....
6.	Cash, cash equivalents and short-term investments	(e) 97,263	..... 97,263
7.	Derivative instruments	(f) .....	.....
8.	Other invested assets .....	..... 271,856	..... 271,856
9.	Aggregate write-ins for investment income .....	..... 0	..... 0
10.	Total gross investment income .....	..... 369,119	..... 369,119
11.	Investment expenses		(g)
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h)
14.	Depreciation on real estate and other invested assets		(i)
15.	Aggregate write-ins for deductions from investment income .....		..... 0
16.	Total (Lines 11 through 15) .....		..... 0
17.	Net Investment Income - (Line 10 minus Line 16) .....		..... 369,119
DETAILS OF WRITE-INS			
0901.	.....	.....	.....
0902.	.....	.....	.....
0903.	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	..... 0	..... 0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9, above) .....	..... 0	..... 0
1501.	.....		.....
1502.	.....		.....
1503.	.....		.....
1598.	Summary of remaining write-ins for Line 15 from overflow page .....		..... 0
1599.	Total (Lines 1501 through 1503 plus 1598) (Line 15, above) .....		..... 0

(a) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
(b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
(c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
(d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
(e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
(f) Includes \$ accrual of discount less \$ amortization of premium.
(g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes \$ interest on surplus notes and \$ interest on capital notes.
(i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4
		Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment	Total
1.	U.S. Government bonds .....				..... 0
1.1	Bonds exempt from U.S. tax .....				..... 0
1.2	Other bonds (unaffiliated) .....				..... 0
1.3	Bonds of affiliates .....				..... 0
2.1	Preferred stocks (unaffiliated) .....				..... 0
2.11	Preferred stocks of affiliates .....				..... 0
2.2	Common stocks (unaffiliated) .....				..... 0
2.21	Common stocks of affiliates .....				..... 0
3.	Mortgage loans .....				..... 0
4.	Real estate .....				..... 0
5.	Contract loans .....				..... 0
6.	Cash, cash equivalents and short-term investments .....				..... 0
7.	Derivative instruments .....				..... 0
8.	Other invested assets .....				..... 0
9.	Aggregate write-ins for capital gains (losses) .....	..... 0	..... 0	..... 0	..... 0
10.	Total capital gains (losses) .....	..... 0	..... 0	..... 0	..... 0
DETAILS OF WRITE-INS					
0901.	.....			
0902.	.....			
0903.	.....			
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	..... 0	..... 0	..... 0	..... 0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9, above) .....	..... 0	..... 0	..... 0	..... 0

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks	0	0	0
2.2 Common stocks	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens	0	0	0
3.2 Other than first liens	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company	82,892	50,014	(32,878)
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale	0	0	0
5. Cash, (Schedule E, Part 1), cash equivalents (Schedule E, Part 2) and short -term investments (Schedule DA)	0	0	0
6. Contract loans	0	0	0
7. Other invested assets (Schedule BA)	0	0	0
8. Receivable for securities	0	0	0
9. Aggregate write-ins for invested assets	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	82,892	50,014	(32,878)
11. Investment income due and accrued	0	0	0
12. Premiums and considerations:			
12.1 Uncollected premiums and agents' balances in the course of collection	0	0	0
12.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	0	0	0
12.3 Accrued retrospective premium.....	0	0	0
13. Reinsurance:			
13.1 Amounts recoverable from reinsurers	0	0	0
13.2 Funds held by or deposited with reinsured companies	0	0	0
13.3 Other amounts receivable under reinsurance contracts	0	0	0
14. Amounts receivable relating to uninsured plans	0	0	0
15.1 Current federal and foreign income tax recoverable and interest thereon	0	742,994	742,994
15.2 Net deferred tax asset.....	368,559	0	(368,559)
16. Guaranty funds receivable or on deposit	0	0	0
17. Electronic data processing equipment and software.....	27,193	14,195	(12,998)
18. Furniture and equipment, including health care delivery assets.....	90,141	(31,055)	(121,196)
19. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0
20. Receivables from parent, subsidiaries and affiliates	0	0	0
21. Health care and other amounts receivable.....	40,359	76,196	35,837
22. Other assets nonadmitted	144,205	39,583	(104,622)
23. Aggregate write-ins for other than invested assets	0	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	753,349	891,927	138,578
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
26. Total (Lines 24 and 25)	753,349	891,927	138,578
DETAILS OF WRITE-INS			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0
0999. Totals (Lines 0901 thru 0903 plus 0998)(Line 9 above)	0	0	0
2301.			
2302.			
2303.			
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0
2399. Totals (Lines 2301 thru 2303 plus 2398)(Line 23 above)	0	0	0

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations.....	18,597	18,151	18,020	17,825	17,717	215,513
2. Provider Service Organizations.....	.0					
3. Preferred Provider Organizations.....	.0					
4. Point of Service.....	277	212	220	226	229	2,665
5. Indemnity Only.....	.0					
6. Aggregate write-ins for other lines of business	0	0	0	0	0	0
7. Total	18,874	18,363	18,240	18,051	17,946	218,178
DETAILS OF WRITE-INS						
0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page .....	.0	.0	.0	.0	.0	.0
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

NOTES TO FINANCIAL STATEMENTS

Annual Statement for the Year 2004 – Grand Valley Health Plan

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Basis of Presentation – The accompanying financial statements have been prepared in conformity with the NAIC Annual Statement Instructions and Accounting Practices and Procedures Manual (SSAP's) for health organizations except to the extent that state requirements differ.

Use of Estimates – In conformity with the NAIC Annual Statement Instructions and Accounting Practices and Procedures Manual (SSAP's), the preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. These estimates and assumptions may change in the near future resulting in different actual results. Estimates that are most susceptible to change in the near term are accounts receivable and the liability for unpaid and unreported claims.

Investments (Contingency Reserve) – Pursuant to requirements of the Commissioner of Insurance for the State of Michigan, Grand Valley Health Plan executed a trust indenture. The trust is established to provide for the payment of medical services in the event Grand Valley Health Plan is unable to make payment. The agreement requires trust assets to be a minimum of \$1,000,000. The trust account met or exceeded funding requirements, as specified in the agreement. The trust invests principally in money market funds, is stated at fair market value, and is included in cash and cash equivalents.

Investment in Affiliates – Other Invested Assets consists of a 30% interest in Leonard Street, LLC. Leonard Street, LLC operates and maintains the building used by Grand Valley Health Plan Radiology, Grand Valley Health Plan Pharmacy, Grand Valley Health Plan Beckwith Health Center, Grand Valley Surgical Center, LLC, and Orthopaedic Associates of Grand Rapids, PC. The Company accounts for its investment using the equity method of accounting.

Investments in Subsidiaries – None to report.

Bonds – None to report.

Common Stock and Additional Paid in Capital – stated at cost.

Preferred Stock – None to report.

Mortgage Loans (Valuation Basis) – None to report.

Securities (Loan-Backed) – None to report.

Derivatives – None to report.

Liabilities for Claims and Claim Adjustment Expenses – Health care costs are accrued as services are rendered, and include fees to physicians, hospitals, pharmacies and other providers for continuing medical care, and payments made on individual claims for which services have been performed including estimates of services performed which have not yet been reported. The reserves for incurred but not reported claims are to cover this estimated medical cost. Claims unpaid and unpaid adjustment expenses include amounts determined from individual case estimates, claim reports, and an amount for claims incurred but not reported based on past experience. Subsequent actual claim experience will differ from the estimated liability due to variances in estimated and actual member utilization of health care services, the amount of charges, and other factors. While management believes the amount to be adequate, the ultimate liability may be in excess of or less than the amount estimated in these financial statements. The Company limits a portion of their liability through stop-loss insurance. The methods for making estimates and for establishing the claims adjustment expense reserve are continually reviewed and any adjustments are reflected as determined in the periodic financial statements.

Capitalization policy – The Company has not modified its capitalization policy from the prior year.

NOTES TO FINANCIAL STATEMENTS

Cash and Short-Term Investments – This category includes deposits in financial institutions and short-term investments with maturities of 90 days or less from the date of acquisition.

Accounts Receivable – This category represents charges to employer groups, primarily on open account. Adjustments to customer accounts are made to estimate net realizable amounts with appropriate charges to premium revenues.

Inventories – Inventories consist of pharmaceuticals and are stated at cost (first-in, first-out method).

Property and Equipment – Depreciable assets are stated at cost. Depreciation is generally computed using the straight-line method over the estimated useful lives of the depreciable assets as follows:

Building and land improvements	5 - 40 years
Medical equipment	5 - 7 years
Office furniture and equipment	5 - 7 years
Electronic data processing equipment	3 - 5 years

These assets are reviewed for impairment when events indicate that the carrying amount may not be recoverable.

Premiums – member premiums are recorded as revenues in the month that members are entitled to services. Premiums collected in advance are recorded as Premiums Received in Advance.

Related Party Transactions – The Company is related with other entities through common ownership and management (see note 10).

Employee Benefit Plans –The Company participates in the parent company’s Employee Stock Ownership Plan (ESOP) and has a 401(k) plan (see note 12). The Company maintains a profit sharing plan and there were no profit sharing contributions to the plan in the period.

Income Taxes – The Company records income tax expense based on the amount of current taxes plus deferred taxes computed based on the expected future tax consequences of temporary differences between the carrying amounts and tax basis of assets and liabilities, using enacted tax rates. Under the statutory basis of accounting some of these deferred assets are considered non-admitted assets and therefore are excluded. The Company is included in the Grand Valley Health Corporation parent company consolidated tax return (see note 9).

- 2. Accounting Changes and Corrections of Errors – None to report.
- 3. Business Combinations and Goodwill – None to report.
- 4. Discontinued Operations – None to report.
- 5. Investments (Other) – The Company continues to own one of its seven health centers located in Wyoming, Michigan a suburb of Grand Rapids, Michigan. There is no impairment loss, and the Company does not engage in retail land sales operations. During the period there were no mortgage or real estate loans, no debt restructuring, no reverse mortgages, no loan-backed securities, and no repurchase agreements.
- 6. Joint Ventures, Partnerships and Limited Liability Companies – There are no investments that exceeded 10% of the admitted assets of the Company and there are no impaired investments.
- 7. Investment Income – None to report.
- 8. Derivatives – None to report.
- 9. Income Taxes – The total of all deferred tax assets is \$550,565. There is no deferred tax liability. The non-admitted deferred tax asset, as the result of the application of SSAP 10 is \$368,559, leaving an admitted deferred tax asset of \$182,006. The net change during the year in the total non-admitted deferred tax assets is \$374,435. The significant component of current income tax expense is tax expense of \$476,441 at the statutory rate of 34% plus other minor differences. The net change during the year in admitted deferred tax assets is \$0. The Company had accumulated net operating losses from prior years of approximately \$2,257,000 available to offset income. All

NOTES TO FINANCIAL STATEMENTS

of the net operating losses were used to offset taxable income generated by other members in the consolidated tax returns during the current year. There were no significant adjustments to deferred tax assets for enacted changes in tax laws or rates or a change in the tax status of the Company. The net operating loss carry-forward of \$0 expires in the year 2020. The entities that are consolidated for federal income tax purposes are Grand Valley Health Plan, Inc., Grand Valley Health Management Inc., Grand Valley Health Facilities Inc., Grand Valley Technology Services, LLC, and Grand Valley Health Corporation. These entities have agreed that the amount of a consolidated NOL that is attributable to a Member is determined by a fraction, the numerator of which is the separate NOL of the Member and the denominator of which is the sum of the separate NOL's of all other Members. For this purpose, the separate NOL of a Member is determined by computing the consolidated NOL by taking into account only the Member's items of income, gain, deduction, and loss, including the Member's losses and deductions actually absorbed by the group in the taxable year.

10. Information Concerning Parent, Subsidiaries, and Affiliates – Grand Valley Health Plan, Inc. is a wholly owned subsidiary of Grand Valley Health Corporation and under agreement pays Grand Valley Health Corporation for management services primarily for the Chief Executive Officer and staff, the Chief Financial Officer and staff, and the Corporate Human Resources department. Grand Valley Health Facilities, Inc. is a wholly owned subsidiary of Grand Valley Health Corporation, and primarily manages buildings utilized by Grand Valley Health Plan. Grand Valley Health Plan pays Grand Valley Health Facilities for rental and other facility related expense reimbursements. Grand Valley Health Management is a wholly owned subsidiary of Grand Valley Health Corporation. Grand Valley Health Plan under agreement charged Grand Valley Health Management for administrative and pharmacy services, which are concurrently charged to the Grand Valley Surgical Center, LLC which is partially owned by Grand Valley Health Management (54%) and Grand Valley Health Corporation (1%). Grand Valley Technology Services, LLC is 52% owned by Grand Valley Health Corporation and 48% owned by other investors. Grand Valley Technology Services provides technology solutions to Grand Valley Health Plan for its insurance and medical management practices. All of the above relationships are based upon arms length transactions. In addition, any above mentioned Grand Valley Company may occasionally pay general accounts payable where a portion of the expense is appropriately charged to one of the other members of the holding company, and any above-mentioned Grand Valley company (except the Grand Valley Surgical Center) may be subject to the effect of the tax allocation agreement described in footnote 9. All charges are generally approved and settled by the corresponding entity typically within 30 days. The total recurring charges due from Grand Valley Health Plan in 2004 for the above transactions were \$3,818,652 and the total charges due to Grand Valley Health Corporation were \$824,304 – Grand Valley Health Management \$0 – Grand Valley Health Facilities \$2,007,183 – Grand Valley Technology Services LLC \$984,165. At December 31, 2003 net receivables from affiliates totaled \$846,610 as follows: Grand Valley Health Corporation - \$154,215, Grand Valley Health Management - \$28,570, Grand Valley Health Facilities - \$662,601, and Grand Valley Technology Services – \$224.
11. Debt – None to report.
12. Retirement Plans, Deferred Compensation, Post-retirement Benefits, and Compensated Absences and Other Post-retirement Benefits Plans - The Company participates in an Employee Stock Ownership Plan (ESOP) covering substantially all full-time employees of the Company. The Plan invests primarily in the common stock of its parent company, Grand Valley Health Corporation. The Company made contributions to the ESOP of \$264,444 during the year. The Company maintains a 401(k) plan that does not provide for matching contributions. There were no discretionary contributions to the 401(k) plan during the year. There are no deferred compensation plans and no other post-retirement plans. Compensated absences are accrued to cover unused vested vacation days.
13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations - Common Stock of \$312,996 is stated at its par value of \$1.00. There are 400,000 shares authorized of which 312,996 have been issued, coupled with Additional Paid-in-Capital of \$1,212,873. There were neither dividends nor dividend restrictions during the year. There are no restrictions placed on surplus funds except for the Surplus Note. There is no stock of the Company held for special purposes. There are no special surplus funds other than the Surplus Note. There is no portion of the unassigned surplus funds that has been represented by or reduced for any purpose. On February 28, 2001 the Company received an additional \$500,000 in capital from its parent. Principal and interest payments on this Surplus Note shall only be repaid out of the surplus

NOTES TO FINANCIAL STATEMENTS

earnings of the Company and with prior written approval of the State of Michigan Department of Consumer and Industry Services, Office of Financial and Insurance Services, Division of Insurance. Interest is at the rate of eight and one-half percent per annum, computed annually and not compounded. Subject to the prior written approval of the Board of Directors of Grand Valley Health Plan and the prior written approval of the Michigan Insurance Division, interest shall be paid annually from earned surplus until the entire principal amount is paid in full. If Grand Valley Health Plan does not pay interest in any year, the interest shall be non-cumulative and will neither be paid nor accrued for future payment. The surplus note does not have a stated maturity or repayment date. There were no principal and/or interest payments during the period. The surplus note is expressly subordinated to claims of creditors and members of Grand Valley Health Plan and any other priority claims provided by Chapter 81 of the Insurance Code, which provides that surplus notes are at the eighth level of priority. There has not been a quasi-reorganization of the Company.

14. Contingencies - The Company is periodically involved in professional liability claims arising from its medical practice, which are defended and handled in the ordinary course of business. Management believes there is no liability outstanding. The Company is not under investigatory controls of the Michigan Office of Financial and Insurance Services. The Company is in full compliance with prior agreements and orders of the Michigan Office of Financial and Insurance Services.
15. Leases - The Company has operating leases for health centers, medical facilities, and an administrative office from various entities, which are considered related parties. These non-cancelable leases contain various renewal options subject to increases in the monthly rental payments. Lease terms expire at various dates through 2008. These leases require the Company to pay all utilities, maintenance and taxes. Future minimum lease payments are as follows: 2005 - \$TBD, 2006 – 2008 \$TBD each year, 2004-2008 grand total minimum lease payments - \$TBD. Total expense, including but not limited to utilities, maintenance and taxes, amounted to \$2,007,183 during the year.
16. Information About Financial Instruments With Off-Balance Sheet Risk And Financial Instruments With Concentrations of Credit Risk – None to report.
17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities – None to report.
18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans – None to report.
19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators – None to report.
20. September 11 Events – None to report.
21. Other Items – None to report.
22. Events Subsequent – There was one disputed out of area hospitalization case during 2003 that was fully reserved at year-end. There were no other Type I or Type II subsequent events.
23. Reinsurance – The Company limits a portion of its medical claims liability through stop-loss insurance. Under the terms of this agreement, the insurance company will reimburse approximately 90% of the cost of each member's annual services in excess of \$150,000, up to a specific annual stop-loss benefit per member of \$1,000,000. At year-end, the Company has recorded a receivable under this agreement in the amount of \$563,316. There was no uncollectible reinsurance written off during the year.
24. Retrospectively Rated Contracts and Contracts Subject to Redetermination – None to report.
25. Change in Incurred Claims and Claim Adjustment Expenses – None to report.
26. Inter-company Pooling Arrangements – None to report.
27. Structured Settlements – None to report.

NOTES TO FINANCIAL STATEMENTS

- 28. Health Care Receivables – None to report.
- 29. Participating Policies – None to report.
- 30. Premium Deficiency Reserves – None to report.
- 31. Anticipated Salvage and Subrogation – None to report.

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. Treasury securities .....		.0.000		.0.000
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies .....		.0.000		.0.000
1.22 Issued by U.S. government sponsored agencies .....		.0.000		.0.000
1.3 Foreign government (including Canada, excluding mortgaged-backed securities) .....		.0.000		.0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations .....		.0.000		.0.000
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations .....		.0.000		.0.000
1.43 Revenue and assessment obligations .....		.0.000		.0.000
1.44 Industrial development and similar obligations .....		.0.000		.0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA .....		.0.000		.0.000
1.512 Issued or guaranteed by FNMA and FHLMC .....		.0.000		.0.000
1.513 All other .....		.0.000		.0.000
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA .....		.0.000		.0.000
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521 .....		.0.000		.0.000
1.523 All other .....		.0.000		.0.000
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO) .....		.0.000		.0.000
2.2 Unaffiliated foreign securities .....		.0.000		.0.000
2.3 Affiliated securities .....		.0.000		.0.000
3. Equity interests:				
3.1 Investments in mutual funds .....		.0.000		.0.000
3.2 Preferred stocks:				
3.21 Affiliated .....		.0.000		.0.000
3.22 Unaffiliated .....		.0.000		.0.000
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated .....		.0.000		.0.000
3.32 Unaffiliated .....		.0.000		.0.000
3.4 Other equity securities:				
3.41 Affiliated .....		.0.000		.0.000
3.42 Unaffiliated .....		.0.000		.0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated .....		.0.000		.0.000
3.52 Unaffiliated .....		.0.000		.0.000
4. Mortgage loans:				
4.1 Construction and land development .....		.0.000		.0.000
4.2 Agricultural .....		.0.000		.0.000
4.3 Single family residential properties .....		.0.000		.0.000
4.4 Multifamily residential properties .....		.0.000		.0.000
4.5 Commercial loans .....		.0.000		.0.000
4.6 Mezzanine real estate loans .....		.0.000		.0.000
5. Real estate investments:				
5.1 Property occupied by the company .....		.0.000	1,213,201	14.950
5.2 Property held for the production of income (includes \$of property acquired in satisfaction of debt) .....		.0.000	.0	.0.000
5.3 Property held for sale (\$including property acquired in satisfaction of debt) .....		.0.000	.0	.0.000
6. Policy loans .....		.0.000		.0.000
7. Receivables for securities .....		.0.000	.0	.0.000
8. Cash, cash equivalents and short-term investments	6,143,133	.89.008	6,143,134	.75.701
9. Other invested assets	758,649	10.992	758,649	9.349
10. Total invested assets	6,901,782	100.000	8,114,984	100.000

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes [X] No []
- 1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes [X] No [] NA []
- 1.3

State Regulating?
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes [] No [X]
- 2.2

If yes, date of change:

If not previously filed, furnish herewith a certified copy of the instrument as amended.
- 3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

12/31/2001
- 3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

12/31/2001
- 3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

06/16/2003
- 3.4

By what department or departments?
- 4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.11 sales of new business?

Yes [] No [X]

4.12 renewals?

Yes [] No [X]
- 4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:

4.21 sales of new business?

Yes [] No [X]

4.22 renewals?

Yes [] No [X]
- 5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes [] No [X]
- 5.2

If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

- 6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.)

Yes [] No [X]
- 6.2

If yes, give full information
- 7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes [] No [X]
- 7.2

If yes,

7.21 State the percentage of foreign control;

7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney in fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1 Nationality	2 Type of Entity

GENERAL INTERROGATORIES

- 8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes [] No [X]
- 8.2

If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3

Is the company affiliated with one or more banks, thrifts or securities firms?.....

Yes [] No [X]
- 8.4

If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.]

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC

9.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

Crowe Chizek, South Bend, Indiana
10.

What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

Reden & Anders, Houston, Texas
11.

FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 11.1

What changes have been made during the year in the United States Manager or the United States Trustees of the reporting entity?
- 11.2

Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes [X] No []
- 11.3

Have there been any changes made to any of the trust indentures during the year?

Yes [] No [X]
- 11.4

If answer to (11.3) is yes, has the domiciliary or entry state approved the changes?

Yes [] No [] NA []

BOARD OF DIRECTORS

12.

Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof?

Yes [X] No []
13.

Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof?

Yes [X] No []
14.

Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees which is in or likely to conflict with the official duties of such person?.

Yes [X] No []

FINANCIAL

- 15.1

Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

15.11 To directors or other officers .. \$.....

15.12 To stockholders not officers ... \$.....

15.13 Trustees, supreme or grand (Fraternal only) \$.....
- 15.2

Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):

15.21 To directors or other officers ... \$.....

15.22 To stockholders not officers \$.....

15.23 Trustees, supreme or grand (Fraternal only) \$.....
- 16.1

Were any of the assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in this statement?

Yes [] No [X]
- 16.2

If yes, state the amount thereof at December 31 of the current year:

16.21 Rented from others \$.....

16.22 Borrowed from others \$.....

16.23 Leased from others \$.....

16.24 Other \$.....
- Disclose in Notes to Financial the nature of each obligation.
- 17.1

Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes [] No [X]
- 17.2

If answer is yes,

17.21 Amount paid as losses or risk adjustment \$.....

17.22 Amount paid as expenses \$.....

17.23 Other amounts paid \$.....

GENERAL INTERROGATORIES
INVESTMENT

18. List the following capital stock information for the reporting entity:

Class	1 Number of Shares Authorized	2 Number of Shares Outstanding	3 Par Value Per Share	4 Redemption Price if Callable	5 Is Dividend Rate Limited?		6 Are Dividends Cumulative?	
					Yes	No	Yes	No
Preferred					[]	[X]	[]	[X]
Common	400,000	312,996	1.000	XXX	XXX	XXX	XXX	XXX

19.1. Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 3 - Special Deposits? Yes [] No [X]

19.2 If no, give full and complete information relating thereto:
Safekeeping provided by Fifth Third Bank

20.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on the Schedule E - Part 3 - Special Deposits; or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 16.1) Yes [] No [X]

20.2 If yes, state the amount thereof at December 31 of the current year:

20.21

Loaned to others

\$

20.22

Subject to repurchase agreements

\$

20.23

Subject to reverse repurchase agreements

\$

20.24

Subject to dollar repurchase agreements

\$

20.25

Subject to reverse dollar repurchase agreements

\$

20.26

Pledged as collateral

\$

20.27

Placed under option agreements

\$

20.28

Letter stock or other securities restricted as to sale ...

\$

20.29

Other

\$

20.3 For category (20.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....
.....
.....
.....

21.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No [X]

21.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [X] NA []
If no, attach a description with this statement.

22.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [] No [X]

22.2 If yes, state the amount thereof at December 31 of the current year. \$

GENERAL INTERROGATORIES

INVESTMENT

23. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 – General, Section IV.H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No []

23.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
.....
.....

23.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	2 Complete Explanation(s)
.....
.....

23.03 Have there been any changes, including name changes, in the custodian(s) identified in 23.01 during the current year? Yes [] No [X]

23.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
.....
.....

23.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	2 Address
.....
.....

24.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])?..... Yes [] No [X]

24.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
.....
.....
9999999. TOTAL		0

24.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding Of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
.....
.....

GENERAL INTERROGATORIES

INVESTMENT

25. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-) or Fair Value over Statement (+)
25.1 Bonds.....	0	0	0
25.2 Preferred stocks.....	0	0	0
25.3 Totals	0	0	0

25.4 Describe the sources or methods utilized in determining fair values:

0

26.1 Have all the filing requirements of the *Purposes and Procedures* manual of the NAIC Securities Valuation Office been followed? Yes [X] No []

26.2 If no, list the exceptions:

0

0

0

OTHER

27.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?.....\$

27.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid
.....	

28.1 Amount of payments for legal expenses, if any?.....\$110,503

28.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Warner, Norcross, and Judd.....	19,586
Smith, Haughey, Rice, & Roegge.....	44,465
Dunn, Schouten, & Snoap.....	46,452

29.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?.....\$

29.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
.....	
.....	

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes [] No [X]

1.2 If yes, indicate premium earned on U. S. business only

\$

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$

1.31 Reason for excluding

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$

1.5 Indicate total incurred claims on all Medicare Supplement Insurance.

\$

1.6 Individual policies:

Most current three years:

1.61 Total premium earned

\$0

1.62 Total incurred claims

\$0

1.63 Number of covered lives

\$0

All years prior to most current three years:

1.64 Total premium earned

\$0

1.65 Total incurred claims

\$0

1.66 Number of covered lives

\$0

1.7 Group policies:

Most current three years:

1.71 Total premium earned

\$0

1.72 Total incurred claims

\$0

1.73 Number of covered lives

\$0

All years prior to most current three years:

1.74 Total premium earned

\$0

1.75 Total incurred claims

\$0

1.76 Number of covered lives

\$0

2. Health Test:

1

Current Year

2

Prior Year

2.1 Premium Numerator

\$45,288,684

\$41,990,354

2.2 Premium Denominator

\$45,288,684

\$41,990,356

2.3 Premium Ratio (2.1/2.2)

.....1.000

.....1.000

2.4 Reserve Numerator

\$3,979,382

\$4,101,344

2.5 Reserve Denominator

\$3,979,382

\$4,101,344

2.6 Reserve Ratio (2.4/2.5)

.....1.000

.....1.000

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes [] No [X]

3.2 If yes, give particulars:

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes [X] No []

4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes [X] No []

5.1 Does the reporting entity have stop-loss reinsurance?

Yes [X] No []

5.2 If no, explain:

5.3 Maximum retained risk (see instructions)

5.31 Comprehensive Medical

\$150,000

5.32 Medical Only

\$

5.33 Medicare Supplement

\$

5.34 Dental

\$

5.35 Other Limited Benefit Plan

\$

5.36 Other

\$

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

7.1 Does the reporting entity set up its claim liability for provider services on a service data base?

Yes [X] No []

7.2 If no, give details:

8. Provide the following Information regarding participating providers:

8.1 Number of providers at start of reporting year

.....299

8.2 Number of providers at end of reporting year

.....299

9.1 Does the reporting entity have business subject to premium rate guarantees?

Yes [] No [X]

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months

.....

9.22 Business with rate guarantees over 36 months

.....

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contract?

Yes [] No [X]

10.2 If yes:

10.21 Maximum amount payable bonuses

\$

10.22 Amount actually paid for year bonuses

\$

10.23 Maximum amount payable withholds

\$

10.24 Amount actually paid for year withholds

\$

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,

Yes [X] No []

11.13 An Individual Practice Association (IPA), or,

Yes [] No [X]

11.14 A Mixed Model (combination of above) ?

Yes [] No [X]

11.2 Is the reporting entity subject to Minimum Net Worth Requirements?

Yes [X] No []

11.3 If yes, show the name of the state requiring such net worth.

Michigan

11.4 If yes, show the amount required.

\$1,500,000

11.5 Is this amount included as part of a contingency reserve in stockholders equity?

Yes [] No [X]

11.6 If the amount is calculated, show the calculation.

12. List service areas in which reporting entity is licensed to operate:

1
Name of Service Area
Kent County
.....
Ottawa County.....
Allegan County.....
Ionia County.....

FIVE-YEAR HISTORICAL DATA

	1 2004	2 2003	3 2002	4 2001	5 2000
BALANCE SHEET ITEMS (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26)	10,883,473	9,153,146	7,096,282	6,620,357	6,303,641
2. Total liabilities (Page 3, Line 22)	6,061,288	5,394,398	5,109,909	5,130,747	5,667,860
3. Statutory surplus		916,690	0	0	0
4. Total capital and surplus (Page 3, Line 30)	4,822,184	3,758,748	1,986,373	1,489,610	635,781
INCOME STATEMENT ITEMS (Page 4)					
5. Total revenues (Line 8)	45,728,941	43,831,264	40,811,636	37,911,977	34,333,715
6. Total medical and hospital expenses (Line 18)	39,859,519	39,039,023	36,214,421	34,404,971	32,355,692
7. Claims adjustment expenses (Line 20)	334,412	293,771			
8. Total administrative expenses (Line 21)	4,502,836	3,974,941	3,956,145	3,270,426	3,126,418
9. Net underwriting gain (loss) (Line 24)	1,032,174	523,529	423,484	64,980	(823,291)
10. Net investment gain (loss) (Line 27)	369,119	208,754	150,601	191,198	137,462
11. Total other income (Lines 28 plus 29)	0	0	0	0	0
12. Net income (loss) (Line 32)	924,852	473,483	321,085	256,178	(685,829)
RISK - BASED CAPITAL ANALYSIS					
13. Total adjusted capital.....	4,822,184	3,758,748	1,986,373	1,489,610	635,781
14. Authorized control level risk-based capital.....	1,585,913	1,421,029	1,297,394	1,337,709	1,241,720
ENROLLMENT (Exhibit 1)					
15. Total members at end of period (Column 5, Line 7)	17,946	18,874	19,561	20,503	21,028
16. Total member months (Column 6, Line 7)	218,178	228,284	238,609	255,910	257,819
OPERATING PERCENTAGE (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
17. Premiums earned (Lines 2 plus 3)	100.0	100.0	100.0	100.0	100.0
18. Total hospital and medical (Line 18)	88.0	93.0	92.9	95.6	98.5
19. Cost containment expenses	0.0	XXX	XXX	XXX	XXX
20. Other claims adjustment expenses	0.0				
21. Total underwriting deductions (Line 23)	98.7	103.1	103.6	105.2	107.0
22. Total underwriting gain (loss) (Line 24)	2.3	1.2	1.1	0.2	(2.5)
UNPAID CLAIMS ANALYSIS					
(U&I Exhibit, Part 2B)					
23. Total claims incurred for prior years (Line 12, Col. 5)	3,406,924	3,216,126	3,383,980	4,794,477	5,500,097
24. Estimated liability of unpaid claims – [prior year (Line 12, Col. 6)]	4,101,344	3,443,204	4,113,648	4,514,589	5,415,500
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
25. Affiliated bonds (Sch. D Summary, Line 25, Col. 1)	0	0	0	0	0
26. Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1)	0	0	0	0	0
27. Affiliated common stocks (Sch. D Summary, Line 53, Col. 2)	0	0	0	0	0
28. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11)	0	0	0	0	0
29. Affiliated mortgage loans on real estate		0	0	0	0
30. All other affiliated		762,387	0	0	0
31. Total of above Lines 25 to 30	0	762,387	0	0	0

SCHEDULE D - SUMMARY BY COUNTRY

Long-Term Bonds and Stocks OWNED December 31 of Current Year					
Description		1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS Governments (Including all obligations guaranteed by governments)	1. United States	0	0	0	0
	2. Canada				
	3. Other Countries				
	4. Totals	0	0	0	0
States, Territories and Possessions (Direct and guaranteed)	5. United States				
	6. Canada				
	7. Other Countries				
	8. Totals	0	0	0	0
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States				
	10. Canada				
	11. Other Countries				
	12. Totals	0	0	0	0
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States				
	14. Canada				
	15. Other Countries				
	16. Totals	0	0	0	0
Public Utilities (unaffiliated)	17. United States				
	18. Canada				
	19. Other Countries				
	20. Totals	0	0	0	0
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States				
	22. Canada				
	23. Other Countries				
	24. Totals	0	0	0	0
Parent, Subsidiaries and Affiliates	25. Totals	0	0	0	0
	26. Total Bonds	0	0	0	0
PREFERRED STOCKS Public Utilities (unaffiliated)	27. United States				
	28. Canada				
	29. Other Countries				
	30. Totals	0	0	0	
Banks, Trust and Insurance Companies (unaffiliated)	31. United States				
	32. Canada				
	33. Other Countries				
	34. Totals	0	0	0	
Industrial and Miscellaneous (unaffiliated)	35. United States				
	36. Canada				
	37. Other Countries				
	38. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	39. Totals	0	0	0	
	40. Total Preferred Stocks	0	0	0	
COMMON STOCKS Public Utilities (unaffiliated)	41. United States				
	42. Canada				
	43. Other Countries				
	44. Totals	0	0	0	
Banks, Trust and Insurance Companies (unaffiliated)	45. United States				
	46. Canada				
	47. Other Countries				
	48. Totals	0	0	0	
Industrial and Miscellaneous (unaffiliated)	49. United States				
	50. Canada				
	51. Other Countries				
	52. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	53. Totals	0	0	0	
	54. Total Common Stocks	0	0	0	
	55. Total Stocks	0	0	0	
	56. Total Bonds and Stocks	0	0	0	

SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year0

2. Cost of bonds and stocks acquired, Column 7, Part 30

3. Increase (decrease) by adjustment:

3.1 Columns 12 + 13 - 14, Part 1.....0

3.2 Column 18, Part 2, Sec. 10

3.3 Column 15, Part 2, Sec. 20

3.4 Column 14, Part 40

4. Total gain (loss), Col. 19, Part 40

5. Deduct consideration for bonds and stocks disposed of Column 7, Part 40
6. Foreign Exchange Adjustment:

6.1 Column 15, Part 10

6.2 Column 19, Part 2, Sec. 10

6.3 Column 16, Part 2, Sec. 20

6.4 Column 15, Part 40

7. Book/adjusted carrying value at end of current period0

8. Total valuation allowance0

9. Subtotal (Lines 7 plus 8)0

10. Total nonadmitted amounts0

11. Statement value of bonds and stocks, current period0

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories								
States, Etc.	1	2	Direct Business Only					
	Guaranty Fund (Yes or No)	Is Insurer Licensed? (Yes or No)	3	4	5	6 Federal Employees Health Benefits Program Premiums	7 Life & Annuity Premiums & Deposit Type Contract Funds	8 Property/ Casualty Premiums
			Premiums	Medicare Title XVIII	Medicaid Title XIX			
1. Alabama AL								
2. Alaska AK								
3. Arizona AZ								
4. Arkansas AR								
5. California CA								
6. Colorado CO								
7. Connecticut CT								
8. Delaware DE								
9. District of Columbia DC								
10. Florida FL								
11. Georgia GA								
12. Hawaii HI								
13. Idaho ID								
14. Illinois IL								
15. Indiana IN								
16. Iowa IA								
17. Kansas KS								
18. Kentucky KY								
19. Louisiana LA								
20. Maine ME								
21. Maryland MD								
22. Massachusetts MA								
23. Michigan MI	No	Yes	40,374,106			5,599,746		
24. Minnesota MN								
25. Mississippi MS								
26. Missouri MO								
27. Montana MT								
28. Nebraska NE								
29. Nevada NV								
30. New Hampshire NH								
31. New Jersey NJ								
32. New Mexico NM								
33. New York NY								
34. North Carolina NC								
35. North Dakota ND								
36. Ohio OH								
37. Oklahoma OK								
38. Oregon OR								
39. Pennsylvania PA								
40. Rhode Island RI								
41. South Carolina SC								
42. South Dakota SD								
43. Tennessee TN								
44. Texas TX								
45. Utah UT								
46. Vermont VT								
47. Virginia VA								
48. Washington WA								
49. West Virginia WV								
50. Wisconsin WI								
51. Wyoming WY								
52. American Samoa AS								
53. Guam GU								
54. Puerto Rico PR								
55. U.S. Virgin Islands VI								
56. Canada CN								
57. Aggregate other alien OT	XXX	XXX	0	0	0	0	0	0
58. Total (Direct Business)	XXX	(a) 1	40,374,106	0	0	5,599,746	0	0
DETAILS OF WRITE-INS								
5701.	XXX	XXX						
5702.	XXX	XXX						
5703.	XXX	XXX						
5798. Summary of remaining write-ins for Line 57 from overflow page	XXX	XXX	0	0	0	0	0	0
5799. Totals (Lines 5701 thru 5703 plus 5798) (Line 57 above)	XXX	XXX	0	0	0	0	0	0

Explanation of basis of allocation by states, premiums by state, etc.:
(a) Insert the number of yes responses except for Canada and other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER AND HMO MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART

